

Statement of Congressman Ron Kind
S.1920, Protection of Family Farmers Act of 2003
January 28, 2004

Mr. Speaker, our current bankruptcy system is in need of reform. Bankruptcy filings have risen steadily in recent years - growing by nearly 140% during the past four years alone. In Wisconsin, bankruptcy filings are up two-and-a-half times what they were just 10 years ago.

The costs associated with discharging bankruptcy related debt, calculated at over \$40 billion in 2001, hurt all consumers through increased prices on goods and services. In fact, losses associated with bankruptcies alone cost the average American family around \$400 per year.

We need to reform our bankruptcy laws to protect those people truly in need of debt relief while holding accountable those who can repay their debt. The reforms contained in this amended legislation before us today accomplish this, and provide new disclosure requirements for lending institutions to offer better information to consumers about credit cards and debt. This is particularly important for young adults who are bombarded by credit applications and have limited knowledge about the risks that accompany credit card ownership.

Further, the legislation will move child support and alimony payments up to the top of debt repayment priority lists. This will help prevent children from being unnecessarily hurt by the debt of their parents. The National Child Support Enforcement Association, the National District Attorneys Association and the Child Support Council all support this provision and this legislation.

In addition, this legislation will make permanent Chapter 12 bankruptcy provisions that provide relief to our family farmers. I have consistently supported temporary extensions of Chapter 12 bankruptcy protection because our nation's family farmers face unique circumstances that often pose unique financial risks outside their control. In Wisconsin, this situation has had the unfortunate affect of driving family farmers out of business at a rate of nearly five per day.

The crisis in our agricultural economy is not contained to Wisconsin alone. In fact, the Bureau of Labor Statistics projects a 13% decline in farmers between 1998 and 2008. This is the largest projected decline of any occupational category in the U.S. economy.

The permanent extension of Chapter 12 protections contained in this bill will allow family farmers facing bankruptcy to reorganize their debt so they do not lose their farms

to creditors. Chapter 12 gives hope to financially-strapped farmers who feel that they have no where else to turn. It gives them room to recover from an economic crunch and still hold on to their livelihood - and it has proven to work.

According to one study, 74% of family farmers who filed Chapter 12 bankruptcy are still farming, and 61% of farmers who went through Chapter 12 believe it was helpful in getting them back on their feet. This protection is critical right now, during this depressed economy, because many cash-strapped producers are under pressure to meet operating expenses and pay off bank notes. I am pleased the House is taking bipartisan action today to make permanent Chapter 12 protection for farmers, giving them the opportunity to reorganize their debts and preserve their farms for future generations.

While I have objections to the majority using legislation that would simply extend the farm bankruptcy provisions of Chapter 12 for six months, as a vehicle for any other legislation, I support final passage of this legislation. The overall benefits of the comprehensive bankruptcy reform and the permanent extension of Chapter 12 now included will provide needed protection to consumers and relief to those in need. I urge my colleagues' support.